

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Petition of Northern States Power Company for Authority to Change its Schedule of Rates for Gas Utility Service Within the State of Minnesota

In the Matter of the Petition of Northern States Power Company for Authority to Offer Services and Rates in Minnesota

ISSUE DATE: December 31, 1987

DOCKET NO. G-002/GR-86-160

DOCKET NO. G-002/M-86-165

ORDER APPROVING COMPLIANCE FILING, APPROVING CUSTOMER NOTICE, AND REQUIRING REFUND PLAN

PROCEDURAL HISTORY

On January 27, 1987 the Minnesota Public Utilities Commission (the Commission) issued its Order in the above-captioned general rate case. On April 1, 1987 the Commission issued its Order After Reconsideration and Rehearing. Among other things, those Orders required Northern States Power Company (the Company) to make specified rate reductions due to tax savings resulting from the federal Tax Reform Act of 1986 (the Tax Reform Act).

These reductions were to occur on June 1, 1987 and January 1, 1988. The Company made the June 1 reduction as scheduled. On November 19, 1987 the Company made a compliance filing containing proposed tariff changes to implement the January 1, 1988 reduction.

On December 18, 1987 the Company made a revised compliance filing proposing to combine the January 1 rate reduction with other rate reductions resulting from judicial resolution of issues the Company had appealed. These issues were capital structure, delay in payments, and carrying costs on conservation expenses. The Commission had stayed implementation of rate changes based on their decisions on these issues pending judicial review. The court had upheld the Commission's decisions on these issues.

The December 18 filing also contained a proposed notice to customers informing them of the rate reductions.

The Residential Utilities Division of the Office of the Attorney General (RUD-AG) submitted comments on the filing on December 23, 1987. The RUD-AG recommended approval of the filing. The RUD-AG also requested that the Commission order the Company to refund the difference between the rates charged pending judicial resolution of the appealed issues and the rates resulting from that resolution.

The Department of Public Service (DPS) submitted comments on December 24, 1987 and recommended Commission approval.

STATEMENT OF THE ISSUE

The issues before the Commission are whether the proposed reductions comply with Commission Orders in this docket, whether the customer notice is adequate, and by what means rates collected under the stay should be refunded.

FINDINGS AND CONCLUSIONS

The Commission finds that the proposed Tax Reform Act reductions are accurate, in compliance with other Commission Orders in this docket, and should be approved.

The Commission finds that the proposed reductions due to judicial resolution of the appealed issues are also accurate and should be approved. These reductions apply only to firm rate schedules, not to interruptible rate schedules. That is appropriate in this instance, because interruptible rates were set without regard to the issues appealed and were not affected by the stay.

The Commission finds that the proposed customer notice is accurate and adequate for purposes of explaining the reduction to ratepayers. It will be approved.

The Commission finds that the Company has an obligation to refund to ratepayers the difference between the rates charged pending judicial resolution of the appealed issues and the rates resulting from that resolution. The Commission will require the Company to submit a refund plan for review and comment by other parties.

ORDER

1. The compliance filing submitted by Northern States Power Company on December 19, 1987 is hereby accepted.
2. The rate reduction schedules submitted by the Company in the December 19 filing are hereby approved.
3. The customer notice submitted by the Company in the December 19 filing is hereby approved.
4. The Company shall submit a plan to refund the difference between the rates charged pending judicial resolution of the appealed issues and the rates resulting from that resolution within 45 days of the date of this Order.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)